

TEACHERS' RETIREMENT BOARD  
BENEFITS AND SERVICES COMMITTEE

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SUBJECT: Service Retirement Defined Benefit Program

ITEM NUMBER: 11

ATTACHMENT(S): 1

ACTION:     


DATE OF MEETING: March 7, 2002

INFORMATION:   X  

PRESENTER(S): Lynda Bridges

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This item continues the orientation of the California State Teachers' Retirement System benefits and services for new members of the Teachers' Retirement Board. This presentation will focus on the Service Retirement application and payment process with emphasis on action taken to reduce frequency of allowance adjustments and letters.



## SERVICE RETIREMENT DEFINED BENEFIT PROGRAM OVERVIEW

March 7, 2002

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### Service Retirement Division Responsibilities

- Service Retirement Process
- Post-Retirement Benefit Increases
- Refunds
- Deduction Services
- Post-Retirement Earnings Monitoring
- Inactive Member Account Distributions
- Management of Branch Legislation Analysis and Implementation
- Defined Benefit Supplement Program
- Partial Lump Sum

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### Service Retirement Division Strives To:

- Insure continuous stream of income
- Promptly determine benefit eligibility
- Provide accurate and timely processing of retirement allowances and subsequent adjustments

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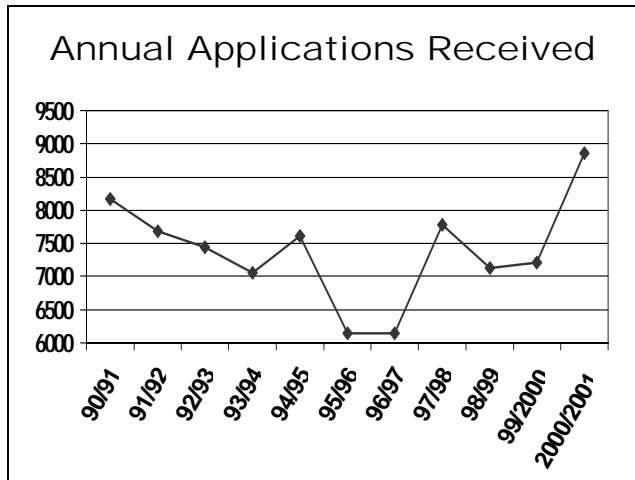
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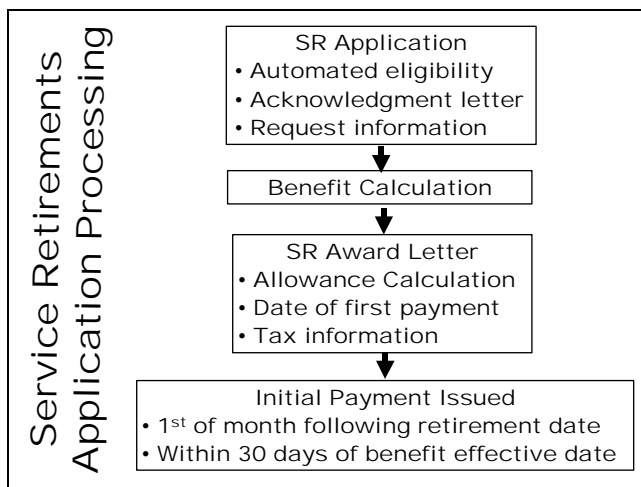
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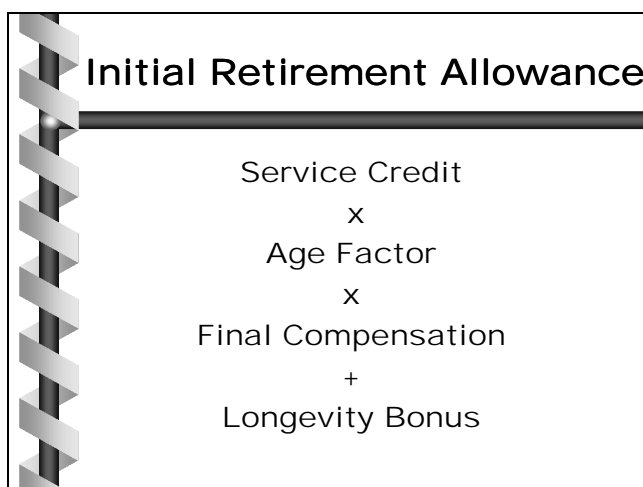
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### Initial Retirement Allowance (Cont.)

#### Service Credit

- Actual reported by employer
- Estimated for pay periods not yet reported, up to a maximum of 4 pay periods
- Actual + estimated used to determine eligibility for benefit enhancements
- Includes unused sick leave if reported on Express Benefits Form

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### Initial Retirement Allowance (Cont.)

#### Age Factor

- Based on attained age as of last day of month in which member retires
- If eligible, includes 0.2% career factor

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### Initial Retirement Allowance (Cont.)

#### Final Compensation

- Highest average annual compensation earnable for 36 consecutive months
- If eligible, highest average annual compensation earnable for 12 consecutive months
- Actual pay rates reported by employer
- Estimated pay rate for pay periods not yet reported up to maximum of 4 pay periods

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## Initial Retirement Allowance (Cont.)

If eligible, payment includes:

### Longevity Bonus

30 yrs	\$200
31 yrs.	\$300
32+ yrs	\$400

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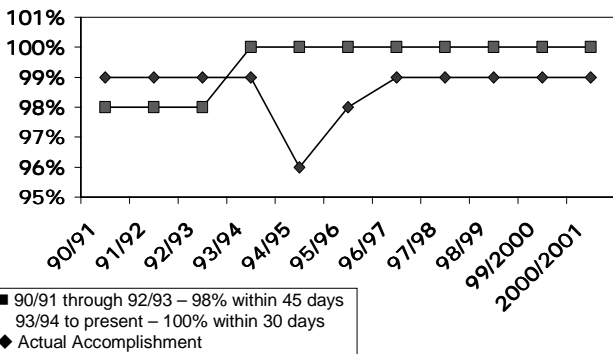
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Goal: 100% of initial payments  
processed within 30 days of receipt  
of completed application




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## Adjusted Allowance

### Employer Reports

- Compensation information for each pay period through last date of compensation
- Unused sick leave reported after retirement date
- Corrections to previously reported information

### CalSTRS

- Records additional service credit after purchase is paid in full

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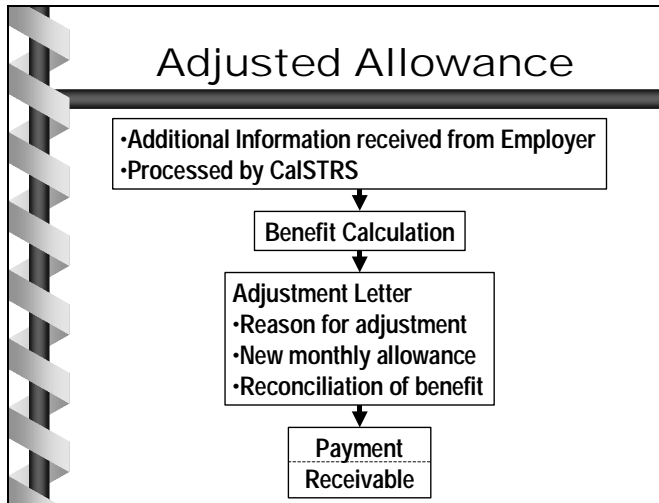
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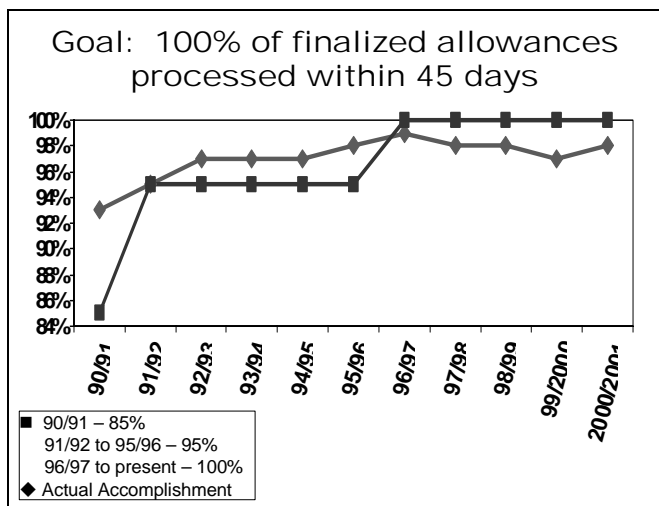
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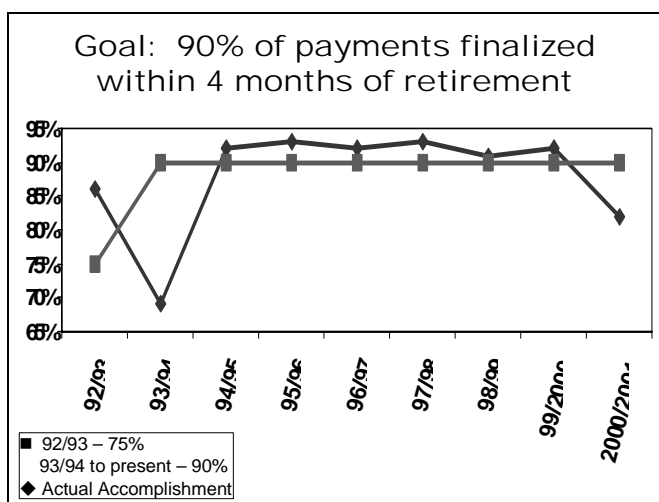
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## Contributing Factors

- Downtime
  - Accumulation of workload
  - Manual Processing
- Conversion
  - Data discrepancies
  - Integrated system
- Functionality of START
- Implementation of legislation

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## Current Strategies

- Frequency of adjustments and award letters
  - Unique Circumstances
  - Modify system functionality
- Achievement of service levels which meet goals within 90 days
- Outstanding cases to be finalized
  - Temporarily deferred workload
  - Plan to address

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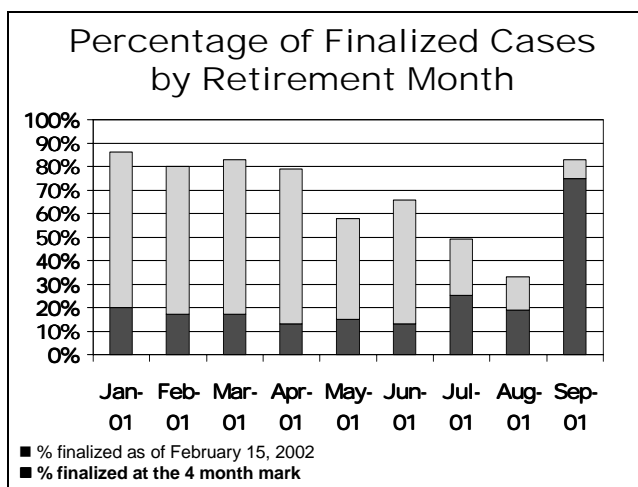
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